SUSTAINABLE INVESTMENT REPORT 2022

Report addressing Article 29 of the French Energy and Climate Act

SCOR Sustainable Euro Loans

DECEMBER 2022

Document published on 25.08.2023

Asset Management Company

SCOR Investment Partners SE

5, avenue Kléber 75016 Paris

« financing

THE SUSTAINABLE DEVELOPMENT

of societies, together »

CONTENTS

INTRODUCTION

SCOR Sustainable Euro Loans is a specialized professional fund whose objective is to achieve a performance greater than the Ester index + 4% over the recommended investment period, while integrating environmental, social and governance (ESG) criteria associated with the issuers. All the assets held in the portfolio follow a sustainable investment process based essentially on the extra-financial rating.

With regard to cash management:

- deposits will be made in establishments with an extra-financial rating,
- the money market funds selected must have a sustainable label (of the SRI type) and will therefore not necessarily have an extra-financial rating.

Management of the Professional Specialized Fund is totally discretionary.

Over the last two years, the fund has adopted, then strengthened a sustainable investment approach adapted to the asset class:

- on December 13, 2021, the SCOR Euro Loans fund formalized and published a new, sustainable investment approach and was renamed SCOR Sustainable Euro Loans,
- in December 2021, the fund was classified as an Article 8 fund pursuant to the European "Sustainable Finance Disclosure" regulation to reflect its new ESG characteristics,
- on January 1, 2022, the fund was granted LuxFLAG ESG label for its internal ESG rating strategy and the ESG characteristics included in its management objective. The label was renewed on January 1, 2023.

The fund articulates its sustainable investment strategy as follows:

- targeted exclusions, reflecting both SCOR Investment Partners' exclusion policy (available in the Handbook on Sustainable Investment, available *here*) and exclusions specific to the fund (in particular, the exclusion of the lowest ESG rated issuers),
- 100% of the fund (excluding cash) will be invested in issuers aligned with the environmental and social characteristics promoted by the fund, as defined in the SFDR appendices of the relevant prospectus,
- the fund must obtain an average ESG rating greater or equal to the average rating of the highest-rated 80% of issuers in the investment universe,
- engagement with issuers to raise their awareness about better sustainability practices.

ALIGNMENT WITH THE PARIS AGREEMENT

SCOR Sustainable Euro Loans does not have an alignment strategy with the objectives of the Paris Agreement. However, an analysis of the carbon footprint of investments is carried out on an annual basis.

The companies in the Corporate Loans portfolio are generally not subject to regulatory obligations to publish their carbon data. Therefore, SCOR Investment Partners uses ISS ESG estimated data to assess the financed carbon emissions of the portfolio at the end of the year.

The resulting snapshot is only one indicator at a given point in time and provides little information on the approach or commitment of the issuers regarding climate risk in general, and risks related to greenhouse gas emissions in particular.

The carbon footprint assessment is based on a certain number of hypotheses and conventions, including the breakdown by type of greenhouse gas emissions:

- Scope 1: direct production of greenhouse gas from fossil fuel consumption,
- Scope 2: indirect production of greenhouse gas from energy consumption, which itself consumes fossil fuels,
- Scope 3: other forms of greenhouse gas production related to the issuer's activities.

Data for scope 1 and 2 are estimates based on global sector peers and therefore do not take into account the specific characteristics of each company. Scope 3 has not been estimated, given the biases that this would imply.

This analysis is carried out on the entire portfolio, excluding cash.

CARBON EMISSIONS ASSOCIATED WITH THE PORTFOLIO, SCOPE 1 AND 2 (at 31.12.2022)		
Assets covered by carbon emissions data	455	*Million EUR*
% assets covered by carbon emissions data	85%	
Total portfolio emissions (emissions financed)	48,123	*tCO_2e*
Carbon footprint	98	*tCO_2e / Million EUR*

EMISSIONS AND CARBON INTENSITY BY SECTOR (AT 31.12.2022)				
Sector	**Carbon emissions financed** (tCO_2e)	**Carbon emissions financed** (% of the portfolio)	**Sector in portfolio AUM**	**Carbon footprint** (tCO2e / Million EUR invested)
Consumer Goods	2,631	5%	10%	48,40
Food & Beverages	19,227	40%	11%	339
Health Care	6,540	14%	25%	51
Infrastructure	933	2%	3%	70
Renewable Resources & Alternative Energy	-	0%	1%	-
Resource Transformation	12,390	26%	12%	205
Services	4,011	8%	21%	38
Technology & Communication	1,695	4%	15%	22
Transportation	696	1%	4%	32

TOP 10 CARBON EMITTING COMPANIES IN PORTFOLIO (AT 31.12.2022)				
Company	**Sector**	**Carbon emissions financed** (tCO_2e)	**Carbon emissions financed** (%)	**Holding in portfolio**
Ecotone	Food and Beverage	4,931	10%	1,20%
Signature Foods	Food and Beverage	4,355	9%	1,06%
Charles & Alice	Food and Beverage	3,289	7%	0,80%
Kersia	Resource Transformation	2,804	6%	1,08%
Panzani	Food and Beverage	2,561	5%	0,63%
Rovensa	Resource Transformation	2,457	5%	0,95%
Weener Plastics	Resource Transformation	1,705	4%	1,05%
Cerelia	Food and Beverage	1,611	3%	1,40%
Armor IIMAK	Resource Transformation	1,518	3%	0,59%
Group of Butchers	Food and Beverage	1,248	3%	1,08%

SCOR Investment Partners, as ISS ESG, takes into account the climate strategy of companies invested in during their ESG rating in their internal rating methodology in two ways:

- Qualitatively, by examining the strategies and solutions implemented by companies and projects to reduce their carbon footprint over scopes 1, 2 and 3,
- Quantitatively, by observing the carbon footprint of portfolio companies and how it evolves over time.

These items are an integral part of the ESG analysis carried out by SCOR Investment Partners and its data suppliers prior to investment.

In addition, SCOR undertook strong commitments in its Climate Policy, stemming from its acute awareness of the urgency to act against global warming. As such, SCOR Investment Partners does not invest in companies or projects involved in the following businesses and sectors:

- thermal coal, whether the financed companies or projects are involved in coal mining, coal-fired power plants or are considered as coal plants' developers. The effective threshold for activities related to thermal coal is 1% of turnover, to reflect the uncertainties related to the quality of underlying data and to avoid discriminating against issuers that are in the process of exiting such activities,
- oil & gas sector, whether the financed companies or projects are involved in the conventional or unconventional production chain of oil and gas (upstream, midstream, and downstream). SCOR Investment Partners relies on the Bloomberg classification for the implementation of these exclusions. The sectors involved are Oil & Gas, Pipelines, and Gas.

SCOR Investment Partners does not currently include climate scenario analysis in its portfolio management.

Carbon data relating to the fund is assessed on an annual basis.

In 2023, given the improvement in the publication of carbon data by issuers, SCOR Investment Partners is studying the possibility of applying a more granular methodology for assessing the fund's carbon footprint.

ALIGNMENT WITH LONG-TERM BIODIVERSITY OBJECTIVES

Since August 2021, SCOR Investment Partners has included biodiversity criteria in its ESG analysis of issuers. Questions asked by the sustainable investment team include:

- exposure to risks and opportunities related to biodiversity,
- existence of a biodiversity policy,
- informing employees, suppliers and other stakeholders on the subject,
- the financing of initiatives to protect and restore biodiversity.

This analysis does not currently allow us to measure the reduction of the main pressures and impacts on biodiversity. However, SCOR Investment Partners remains aware of developments in the financial market and is involved in related research, in particular through its involvement in the working group dedicated to biodiversity of the Institute for Sustainable Finance (ex-Finance for Tomorrow).

ESG CRITERIA IN RISK MANAGEMENT

Identifying ESG risks

ESG risks, as financial risks, are taken into account in the investment management of SCOR Sustainable Euro Loans.

These sustainability risks result from climate change (known as "physical risk") or from the way in which companies respond to climate change (known as "transition risk"). Social factors (such as wage disparities, discrimination, poor working conditions, unsafe employee health and safety practices, etc.) and governance factors (such as breaches of international agreements, corruption, fraud, etc.) can also result in sustainability risks.

The level of risk exposure of the companies in which SCOR Sustainable Euro Loans invests depends on a number of factors: sector, location, market area, value chain structure, as well as company-specific characteristics. For each investment made by the fund, as part of the ESG assessment, the sustainable investment team identifies the level of ESG risk and the quality of the company's management of this risk.

These risks relate in particular to the environment - climate change, biodiversity, pollution, etc. - social aspects - working conditions, diversity, respect for human rights, and the fight against corruption. - social aspects - working conditions, diversity, respect for human rights, and the fight against corruption.

In addition, when SCOR Investment Partners analyzes companies and projects, it includes an analysis of ESG indicators. The list below provides an overview of the criteria considered in determining the ESG rating of an issuer. These criteria are analyzed both from a risk and an opportunity perspective.

ENVIRONNEMENT	• Climate (physical and transitional risks) • Circular economy • Waste management • Water management • Biodiversity
SOCIAL	• Health and safety • Human rights • Working conditions • Diversity • Data security • Just transition • Supply chain management
GOUVERNANCE	• Management independence • Professional ethics

In addition, SCOR Sustainable Euro Loans takes into account the principal adverse impacts defined by the SFDR.

Evaluating ESG risks

The ESG assessment of issuers is carried out ex-ante and is part of the investment process. The ESG risk assessment methodology is reviewed annually.

Exclusion policies are applied prior to any initial assessment. Then, while the financial analysis of the potential new transaction is conducted, the investment teams ask the sustainable investment team to provide an ESG rating that will be taken into account in their final assessment.

The risk of each criterion is evaluated, along with the measures put in place by issuers to address them. An analysis of the controversial aspects inherent in each issuer is also carried out and may impact the rating. Finally, the sustainable investment team may enter into an engagement process for improving transparency with issuers to improve their practices and reduce their sustainability risks.

Once the fund has invested in an issuer, its ESG rating is updated at least every 18 months. Exceptional events, such as the discovery of a major new controversy, may lead to an earlier revision of an issuer's ESG rating.

Prioritizing ESG risks

SCOR Investment Partners prioritizes ESG criteria according to their materiality, but also according to the availability and quality of their data.

If the issuer has an ESG rating assigned by the external data provider, the sustainability risks considered are those identified by this provider.

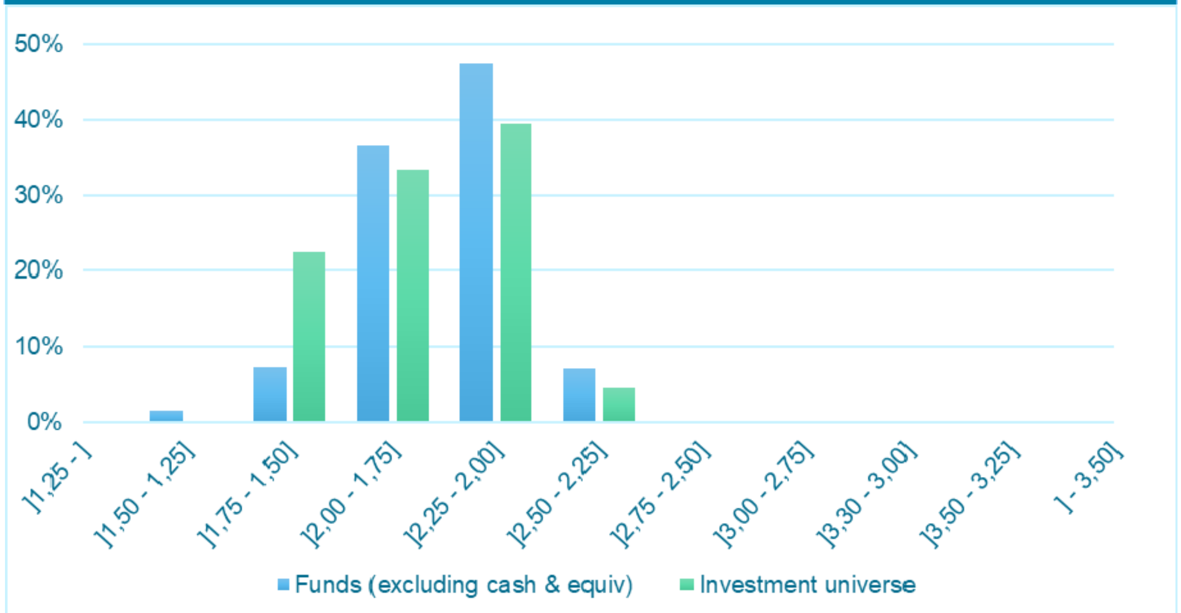
SCOR Investment Partners uses a single ESG data provider: ISS ESG. The ISS ESG rating is based on over 800 indicators, around 90% of which are sector-specific. For each sector, 5 key questions account for more than 50% of the overall weight of the rating.

If the issuer of the security does not have an ESG rating from ISS ESG, the sustainable investment team uses an internal risk identification methodology based on the Sustainable Accounting Standards Board (SASB) classification, which defines the relevant ESG issues specific to each of the 77 sub-sectors, and on the sector expertise of the team's analysts.

As such, the sustainable investment team highlights the priority risks for each company (intensity, risk of occurrence, emergence of new risks and management of current risks, etc). In addition, the sustainable investment team regularly checks that the model used by ISS ESG is consistent with that developed internally.

ESG COVERAGE AT 31.12.2022		
Total issuers		128
Total assets under management (M€)		537
Rated issuers		
Total	128	100.0%
External methodology	*7*	*5.47%*
Internal methodology	*121*	*94.53%*
Assets under management rated (excluding cash & equivalent)		
Total	529 M€	100.0%
External methodology	*25 M€*	*4.80%*
Internal methodology	*504 M€*	*95.20%*

BREAKDOWN OF SCOR SUSTAINABLE EURO LOANS POSITIONS AND ITS INDEX BY RATING (AS A % OF NET ASSETS, AT 31.12.2022)



AVERAGE RATINGS (AT 31.12.2022)

	Max	Average	Min
Total	2.47	2.00	1.49
External methodology	*2.06*	*1.83*	*1.71*
Internal methodology	*2.47*	*2.01*	*1.49*

Managing ESG risks

Physical risk, transition risk, litigation risk as well social and governance risks are considered when assessing issuers. Depending on their relevance, they are identified and analyzed in the analyst's review, whether they are internal or external.

These risks are integrated into the investment process and the risk control process if they prove to be risks that could have a significant negative impact on the investment value and affect the fund's performance.

IMPORTANT INFORMATION

This document is issued by SCOR Investment Partners SE, a management company under French law.

This document is provided for informational purposes only. It is not the basis of a contract, or an offer to sell or an investment advice.

Please refer to the characteristics and objectives of the funds promoted in this document before making an investment decision, as described in their respective legal or regulatory documentation.

SCOR Investment Partners SE, European company with a capital of EUR 15 500 000 is an asset management company regulated by the "Autorité des marchés financiers" (AMF) under number GP-09000006. Head office: 5, avenue Kléber 75016 Paris – France - Registered with the trade and company register of Paris (France) under number 510 235 815.

INVESTMENT PARTNERS

5 avenue Kléber

75975 Paris Cedex 16

France

+33 (0)1 58 44 70 00

scorip.sales@scor.com